

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER RAPER
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: TERRI CARLOCK

DATE: MARCH 20, 2015

RE: APPLICATION OF MORNING VIEW WATER COMPANY TO INCREASE
IDEQ BORROWING AUTHORITY; CASE NO. MNV-W-15-01

Morning View Water Company (Morning View) requests authority to once again increase its borrowing authority under the Idaho Department of Environmental Quality's (IDEQ) Drinking Water Revolving Loan Program. The current request increases the loan by \$120,000 to cover items added back to the project by IDEQ after the scope was changed by the Company to stay closer to the original budget. Order No. 31061 in Case No. MNV-W-10-01 approved an authority of \$275,000 and Order No. 33044 in Case No. MNV-W-14-01 increased the authority to \$410,000. The total authority requested in this case is \$530,000. The increase is to cover costs to add backup power at the new well site, variable frequency drive (VFD) pumps, security fencing around both well sites, 6 additional meters, meter software and meter work to eliminate freezing of lines.

Morning View's Drinking Water Loan continues to qualify for a 1.25% interest rate, a loan repayment term of 30 years and a loan principal forgiveness of approximately \$78,500.

STAFF RECOMMENDATIONS

The increased loan approval will provide Morning View Water with the capital necessary to make the improvements required by IDEQ. The specific recovery level in customer rates for the underlying costs will be evaluated in a rate filing(s) when Morning View has completed the projects and makes an Application requesting customer rates be changed to reflect the investments. If the increase is approved, and the \$530,000 loan, net of principal forgiveness, is repaid in equal monthly payments and included in rates, the increase to each customer could be approximately \$15.70 per

month. The final investment cost records will be reviewed by Staff during audit with the rate impact to be established in the next rate case(s).

Staff recommends the Commission approve the loan request up to \$530,000.

Staff recommends the remaining terms of Order Nos. 31061 and 33044 be continuing.

Staff also recommends Morning View Water be required to provide copies of the following:

- Final loan documents with IDEQ;
- All compliance reports and calculations that may be required;
- All approval letters;
- All executed agreements for the loan;
- Any amendments to the loan application, and
- The actual final costs in summary format similar to the engineering estimate.

COMMISSION DECISION

Does the Commission approve the requested loan authority of \$530,000?

Does the Commission accept Staff's recommended review and reporting requirements?



Terri Carlock

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